## Report of the Commercial Space Committee NASA Advisory Council

Jet Propulsion Laboratory (JPL) August 5, 2010

#### Commercial Committee Members

- Bretton Alexander, Chair
  - President of the Commercial Spaceflight Federation
- Lon Levin, Vice Chair
  - Co-founder of XM Satellite Radio and other satellite businesses
- Maj Gen Donald Hard (USAF, Ret.)
  - Independent consultant to government and industry
- ▶ Bernard A. Harris, Jr., (M.D.)
  - CEO of Vesalius Ventures, former NASA astronaut, and former SPACEHAB executive
- J. Michael Lounge
  - Former NASA astronaut and former Boeing executive
- Patti Grace Smith
  - Former FAA Associate Administrator for Commercial Space Transportation and consultant/advisor to space and aerospace companies
- Wilbur C. Trafton
  - Former NASA Associate Administrator for Space Flight and executive at ILS and Kistler Aerospace
- John Emond, Executive Secretary
  - NASA Innovative Partnerships Program, Office of Chief Technologist

## Work Plan (Draft)

- 1. Review and advise on how best to optimize NASA's organizational elements and address cultural issues to effectively encourage and promote the development of a commercial space industry.
- 2. Review NASA's strategy and plans for stimulating a commercial space industry, and provide advice on effective and appropriate methods for NASA to stimulate, encourage and partner with commercial space. What is the logical progression for developing a commercial capability for transportation to ISS and LEO?
- Review and advise on NASA's strategy for partnering and cooperating with other federal agencies on commercial space.
- 4. Provide advice on how NASA should define "commercial space" to effectively implement "commercial space" programs and policies.

#### Meeting Schedule

- Commercial Committee meetings held:
  - February 16, 2010, at NASA Headquarters in Washington, DC
  - March 30, 2010, at NASA Headquarters
  - April 26, 2010, at Johnson Space Center
  - June 17, 2010, at NASA Headquarters
  - July 8, 2010, fact finding at Kennedy Space Center
  - July 29, 2010, at NASA Headquarters
- Upcoming meetings:
  - Not yet scheduled

# Findings/Observations/Recommendations Past

- Observation (April 28, 2010)
  - The Council observes that the NASA Commercial Orbital Transportation Services (COTS) program to develop and demonstrate commercial capabilities for the delivery of cargo to the International Space Station (ISS) is moving forward at a deliberate pace. The Commercial Space Committee intends to closely follow the progress of the COTS Cargo program and the use of the proposed \$312 million in new funding allotted to "incentivize" the program's participants. The Committee respectfully requests that NASA keep it informed of developments on the program. The committee believes that the Commercial Orbital Transportation Services (COTS) program could be a viable model for the commercial crew program.

## Observations/Findings/Recommendations Proposed

- Use of Space Act Agreements
- Defining the NASA Market
- Concept of Operations and Acquisition Approach
- FAA Licensing
- Business Case

#### Use of Space Act Agreements

Finding: The Council finds that the use of Space Act Agreements (SAAs) is appropriate for the proposed Commercial Crew Transportation program to develop and demonstrate commercial capabilities for the delivery of astronauts to and from the International Space Station. The use of Space Act Agreements is appropriate because the program is envisioned as a public-private partnership, in which both parties provide funding, to develop capabilities that will be owned and operated by the private sector to serve both government and private sector markets. In addition, SAAs allow flexibility in the development of transportation capabilities. Subsequently, for crew transportation services, the use of Federal Acquisition Regulations (FAR) Part 12 commercial services contract is appropriate.

## Use of Space Act Agreements (cont.)

- Rationale: Other Transaction Authority (OTA) agreements, known as Space Act Agreements within NASA, are used by government agencies to provide funding toward the development of capabilities intended to be used for both government and private purposes, where government is not the sole funding source for the development activity. Currently, NASA is using SAAs on the Commercial Orbital Transportation Services (COTS) program in the same manner, funding two companies SpaceX and Orbital for development and demonstration of space systems for the transport of cargo to and from the International Space Station. For actual cargo delivery services, NASA has awarded Federal Acquisition Regulations (FAR) Part 12 commercial services contracts to both companies under the Commercial Resupply Services (CRS) program.
- OTAs have been used successfully by other government agencies, including DARPA and the Department of Defense. A notable use of OTAs was on the Evolved Expendable Launch Vehicle (EELV) development program, in which the U.S. Air Force provided \$500 million to each of two companies for the development of the Atlas V and Delta IV expendable launch systems intended to serve both government and commercial customers. The companies Boeing and Lockheed Martin provided approximately \$4-5 billion in additional funding above that of the Air Force in order to develop and demonstrate the vehicles. For launch services, the Air Force contracted with both companies under FAR Part 12 for acquisition of commercial services.
- A similar public-private partnership is appropriate for the development and demonstration of commercial human spaceflight capabilities because the systems are being designed to meet both NASA's need to transport astronauts to and from the International Space Station, as well as commercial purposes, including flights of astronauts, researchers, and other spaceflight participants to low Earth orbit and other in-space destinations, such as the planned Bigelow Aerospace habitats. Also, funding for the development of these capabilities will come from both NASA and the companies themselves, resulting in the use of public and private funds to meet public and private purposes.

## Defining the NASA Market

NASA's expected traffic model for crew transport to and from the International Space Station (ISS) and other LEO destinations prior to issuing a draft solicitation for the Commercial Crew Transportation program. The number of flights and/or seats per year purchased by NASA on U.S. commercial spaceflight vehicles has a significant impact on the business plans of and availability of private investment for commercial providers. In assessing its needs and opportunities, NASA should consider how the availability of commercial space transportation capabilities could change the concept of operation of the ISS to get the most out of its infrastructure.

## Defining the NASA Market (cont.)

- Rationale: Understanding the expected NASA market for crew transport to and from the International Space Station has a significant impact on the business plans of and availability of private investment for commercial providers. Whether this number is large or small, clarity in what NASA intends to purchase is foundational for development of solid business plans upon which companies can seek private investment and financing. For example, under the Commercial Orbital Transportation Services (COTS) program, the clear definition of the requirement for cargo transport services provided a solid foundation for the business plans of the commercial bidders.
- Currently, NASA is flying approximately 40 U.S. and international partner astronauts into space each year, with around 35 flying on five Shuttle flights and six on the Russian Soyuz. This maintains a year-round, on-orbit presence of three U.S. and international partner astronauts on the International Space Station, as well as "surges" of seven astronauts on the Shuttle docked to the Station for periods of 10-15 days. With the retirement of the Space Shuttle, NASA has contracted with the Russian Space Agency to purchase six seats per year to sustain three U.S. and international partner astronauts on the Station for six-month stays.

## Defining the NASA Market (cont.)

- In order to provide greater clarity for potential commercial crew providers, NASA should assess the requirements for crew transport to and from the International Space Station for U.S. astronauts and those international partner astronauts for which NASA is obligated to provide transportation. NASA should take into account the following in its assessment:
  - Extension of plans to fund U.S. participation in the International Space Station program from 2015 to "at least 2020."
  - Expected availability of multiple commercial crew transportation providers in the 2015 timeframe.
  - Feasibility of permanent crew sizes higher than six.
  - Crew rotation times other than the current six-month expeditions.
  - The ability of non-NASA funded personnel to access and use the International Space Station, including other national governments, private researchers, and other spaceflight participants.
  - Plans and funding for new capabilities and increased utilization of the International Space Station for research and technology demonstrations.
  - The ability to "surge" for short durations to increase the number of astronauts on Station available for utilization and/or maintenance activities.
  - Factors such as environmental control and life support system capacity, logistics/cargo resupply, and physical volume.

#### Concept of Operations and Acquisition Approach

- Recommendation: The Council recommends that NASA structure the crew transportation service acquisition approach and associated ISS concept of operations to take maximum advantage of the variety of potential commercial transportation capabilities. The Council recommends that future commercial crew transportation service solicitations simply specify the minimum and maximum number of seats to and from the ISS NASA would purchase in a given solicitation. This approach will allow bidders flexibility to structure the offer that best fits the offerer's business model.
- Rationale: This approach follows one of the most innovative features of the ISS Commercial Resupply Services procurement in that it lets industry respond with capability based offers. Allowing commercial crew service providers to propose the concept of operations, the frequency of launch, and the number of crew to be transported on each launch that best fits their business model will result in a wider selection of choices for NASA to integrate to meet the total ISS need. This approach could result in more effective utilization of the ISS and will facilitate the long term goal of a sustainable and robust commercial LEO transportation industry that can support NASA's long term exploration enterprise.

## FAA Licensing

- Recommendation: The Council agrees with NASA that Federal Aviation Administration (FAA) licensing of Commercial Crew services should be the "eventual state." The Council recommends that NASA engage the FAA as soon as possible to discuss FAA licensing of Commercial Crew with the goal of providing clarity to potential offerors regarding the regulatory framework for both development and operation of Commercial Crew capabilities.
- Rationale: In planning for the development and use of commercial crew transportation services, NASA has stated that commercial crew launches conducted by the private sector for NASA will be licensed by the FAA in the "eventual state." NASA has not determined when that eventual state will be reached, providing uncertainty regarding the regulatory environment for development and operation of commercial crew capabilities. Prior to reaching the eventual state, it is unclear what the roles of NASA and FAA will be in providing safety and regulatory oversight of commercial crew launches for NASA. Clarity in the regulatory regime is important prior to issuance of a solicitation for the Commercial Crew Transportation program in order for potential offerors and investors to understand the regulatory and business environment for future operations.
- In order to clarify the regulatory regime prior to the eventual state, NASA needs to engage directly with the FAA leadership in serious discussion to understand the potential impact of the various options on commercial crew activities conducted for NASA and those conducted for non-governmental customers. The Committee does not believe that this engagement has begun at a sufficient level in order to reach clarity on the regulatory regime in a timely manner prior to issuance of a solicitation.

#### **Business Case**

- Recommendation: The Council recommends that NASA continue to develop internal metrics and milestones to oversee its Commercial Crew Transportation program and associated industry. Appropriate internal experts can then use these tools to measure whether NASA crew needs will be met in a timely and cost effective manner under this program. Among other things, NASA should be aware of the impact of non-human spaceflight markets, such as cargo and traditional spacecraft launch, on the ability of commercial providers to offer viable crew transportation services, the cost, reliability, and safety implications of the overall commercial space transportation business, and the impact of domestic and foreign competition.
- Rationale: The Committee has received inconsistent and incomplete information on how the Commercial Crew Transportation program will be monitored to assure NASA needs will be met. Effective implementation of the program will require ongoing scrutiny of both the commercial crew providers as well as the industry as whole. This will also help NASA communicate its related plans and programs internally and externally as well as provide benchmarks upon which NASA can evaluate the program

Back-up Charts

#### **Definitions**

#### Observation

- Something seen, discovered, witnessed, or learned by the NAC committee during the course of fact-finding or public meetings
- A PASSIVE outcome or output
- Example: "The Committee discovered that there is an unfunded mandate that NASA must comply with in the area of X."

#### Finding

- An observation about which the NAC committee wishes to state an opinion
- A SEMI-ACTIVE outcome or output
- Example: "The Committee concurs with the current approach NASA is taking to do X "

#### Recommendation

- A course of action being proposed by the NAC committee for NASA consideration and/or implementation in the future
- An ACTIVE outcome or output
- Example: "The Committee recommends that NASA form a tiger team to address a critical issue in the area of X."